

BEFORE THE
BOARD OF OIL, GAS & MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

IN THE MATTER OF THE FORM AND AMOUNT OF THE REPLACEMENT SURETY FOR THE LASAL-SNOWBALL MINE IN SAN JUAN COUNTY, UTAH OPERATED BY INTERNATIONAL URANIUM (USA) CORPORATION	FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER APPROVING FORM AND AMOUNT OF THE SURETY Cause No. M/037/026 (Matter Heard by the Board 1/22/97 as Agenda Item No. 3)
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Pursuant to notice, the above matter came on for hearing before the Board of Oil, Gas & Mining (the "Board") at its regularly scheduled hearing held in Salt Lake City, Utah on January 22, 1997. Members of the Board present at the hearing included Chairperson Dave Lauriski and members Jay L. Christensen, Thomas B. Faddies, Judy F. Lever, Raymond Murray and Kent G. Stringham. Board member Elise L. Erler was present, but she recused herself and took no part in hearing or deciding this matter. International Uranium (USA) Corporation (the "Operator") did not have a representative present during the hearing. Assistant Attorney General Patrick J. O'Hara acted as counsel to the Board.

Having duly considered the form and amount of the proposed surety, and all of the information provided to the Board at the hearing, the Board rules as follows:

FINDINGS OF FACT

1. The Utah Division of Oil, Gas and Mining (the "Division"), by and through staff members Mary Ann Wright, D. Wayne Hedberg and Anthony A. Gallegos, recommended that the Board approve a reclamation surety for the Operator's mine, in the form of a \$165,900 irrevocable letter of credit (ILOC) issued by Norwest Bank Colorado, National Association of Denver, CO, for the reasons set forth in detail in that certain letter dated January 7, 1997 to the Board from the Division, and the supplemental attachments thereto, including those attachments which were distributed to the Board members at the hearing, which documents are attached hereto collectively as Exhibit A (the "Recommendation").

2. As set forth in the Recommendation, in consultation with the Operator, the Division had, prior to the hearing, determined that the cost to reclaim the 42 acres of the Mine which is covered by the Operator's notice of intention to mine will be \$165,900 escalated to 2002 dollars, based on site-specific calculations reflecting the Division's cost to reclaim the Mine.

2. All of the facts sets forth in the Recommendation are hereby

incorporated by reference and are hereby expressly adopted by the Board as the Board's own factual findings.

CONCLUSIONS OF LAW

1. The Board has the authority under Utah Code Ann. Sec. 40-8-7(e) (1953, as amended) and Utah Administrative Code R647-4-113.4 to determine the form and amount of the reclamation surety for the above-captioned mining operation.

2. The Board has the power, under Utah Administrative Code R647-4-113.4.12, to accept as a reclamation surety an ILOC payable to the Division in the form and amount attached to the Recommendation.

3. An ILOC issued by Norwest Bank Colorado, National Association payable to the Division for itself and as agent for the United States Department of the Interior, Bureau of Land Management in the exact amount of \$165,900, in the form attached to the Recommendation, is a form and amount of reclamation surety acceptable to the Board in this matter.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, IT
IS HEREBY ORDERED:

The Operator may engage in mining operations at the Lasal-Snowball
Mine because the Operator has provided to the Division a suitable reclamation
surety in the form of the ILOC attached to the Recommendation, payable to the
Division in the exact amount of \$165,900.

ISSUED this 13 day of February, 1997.

STATE OF UTAH
BOARD OF OIL, GAS & MINING

By 
Dave D. Lauriski, Chairman

CERTIFICATE OF SERVICE

I hereby certify that, on the 13 day of February, 1997, I mailed, postage prepaid, a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER APPROVING FORM AND AMOUNT OF THE SURETY to the following:

Attn: President
International Uranium (USA) Corporation
c/o President of Energy Fuels Nuclear, Inc.
Three Park Central, Suite 900
1515 Arapahoe Street
Denver, CO 80202

I further certify that I caused copies of same to be hand-delivered on said date to:

Mr. James W. Carter
Director
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801


Mr. D. Wayne Hedberg
Permit Supervisor
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Mr. Lowell P. Braxton
Deputy Director
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Mr. Anthony A. Gallegos
Senior Reclamation Specialist
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Ms. Mary Ann Wright
Associate Director-Mining
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Patrick J. O'Hara, Esq.
Assistant Attorney General
Office of the Attorney General, State of Utah
1594 West North Temple, Suite 300
Box 140855
Salt Lake City, UT 84114-0855


Christine Allred
Secretary to the Board



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
(801) 359-3940 (Fax)

January 7, 1997

TO: Board of Oil, Gas and Mining

THRU: Mary Ann Wright, Associate Director *MAW*

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Anthony A. Gallegos, Senior Reclamation Specialist *aaG*

RE: Request for Board Approval, Amount and Form of Proposed Replacement Reclamation Surety, International Uranium (USA) Corporation (IUC), LaSal-Snowball Mine, M/037/026, San Juan County, Utah

At the request of the operator, the Division seeks the Board's conditional approval of the amount and form of reclamation surety provided by IUC for the LaSal-Snowball Mine located in San Juan County, Utah. The form of surety is a surety bond for the amount of \$165,900. The surety jointly lists the Division, the BLM, and the Forest Service.

Energy Fuels Nuclear, Inc. is in the process of acquiring/transferring the LaSal-Snowball Mine currently owned by Umetco Minerals Corporation. In turn, IUC is purchasing all the assets controlled by Energy Fuels Nuclear. Closing for the acquisition of Energy Fuels Nuclear by IUC is tentatively set for the end of January 1997. IUC is seeking conditional approval so the replacement surety can become effective at the time of the actual acquisition closing. If the Board accepts this proposal, the Division would not sign the forms transferring the site from Umetco to IUC until the actual surety is received. This operation is an underground uranium mine which was put on standby in 1990. Final signed copies of the Reclamation Contract will be available by the Board Hearing. Final signed copies of the surety bond will be available at the time of closing.

Attached for your review are copies of the following documents:

1. Summary checklist
2. Executive summary
3. Location maps
4. Reclamation surety estimate
5. Draft Reclamation Contract (Form MR-RC)
6. Draft Surety bond (Attachment B - MR Form 6)

Thank you for your time and consideration of this request.

jb
Attachments
M037026.BRD

EXHIBIT

A

DOGM MINERALS PROGRAM

Checklist for Board Approval of FORM AND AMOUNT OF SURETY

Prepared January 6, 1997

Company Name: International Uranium (USA) Corp

Mine Name: LaSal-Snowball

File No.: M/037/026

Items	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		1989 estimate and 1997 update
Signed Reclamation Contract		X	Signed copy available by Hearing date
Signed Power of Attorney/ Affidavit of Qualification			
Bond/Reclamation Surety	X		Signed copy at time of Closing
Surety Sign Off (Other State/Federal Agencies)		X	Joint surety forms used
RDCC contacted		X	N/A

M037026.ckl

EXECUTIVE SUMMARY

UNION CARBIDE CORPORATION

La Sal-Snowball Mines

T. 28S., R. 24E.; T. 29S., R. 24E.
T. 29S., R. 25E.; T. 28S., R. 25E.

San Juan County, Utah

ACT/037/026

December 12, 1978

LOCATION:

Union Carbide Corporation is operating an underground random room and pillar operation located in the following location: Sections 34, 35, and 36, Township 28 South, Range 24 East; Sections 1, 2, 3, and 12, Township 29 South, Range 24 East; Section 6, Township 29 South, Range 25 East; Section 31, Township 28 South, Range 25 East, SLBM, San Juan County, Utah.

The application is for two underground uranium mines that will eventually be connected through underground workings. Two declines with associated surface facilities consisting of waste-rock dumps, ore stockpiles, shop, and office facilities, vent shafts, and access roads presently exist. A vertical shaft is also being developed.

Consult the enclosed map for mine site location.

SOILS AND GEOLOGY:

The mine sites are developed on rolling topography with shallow soils. Soils were not stockpiled prior to the commencement of mining. Union Carbide will attempt to establish vegetation of the spoil material and disturbed areas without spreading topsoil.

HYDROLOGY:

There are no perennial streams immediately adjacent to the mine site. The La Sal decline, Beaver shaft and associated facilities pose minimal erosion potential as they are located on relatively flat ground. The Snowball Mine site and access road; however, have a greater potential erosion problem. The mine is located on a hillside adjacent to an ephemeral drainage. The access road crosses the drainage.

Groundwater in the area is developed in the thick gravel alluvial surficial deposit and in the immediately underlying Dakota and Burro Canyon Formations. The mine is developed in the basal Salt Wash member of the Morrison Formation. This Formation lies directly below the Burro Canyon Formation.

Ground water was encountered during the drilling of the Beaver Claim #2 Venthole. The hole was grouted and presently seeps approximately 8 gallons per minute into the mine. The water is used for mining purposes. No discharge to the surface exists or is planned. Potential impact on local groundwater is probably minimal.

EXECUTIVE SUMMARY
Union Carbide Corp.
LaSal-Snowball Mines
Page Two

ECOLOGY:

Pinyon pine and juniper comprise the overstory and the understory is comprised of sagebrush and native grasses at the Snowball Mine site. The La Sal and Beaver sites are located in the sagebrush-native grass range community. The mine sites have limited value for wildlife habitat.

STRUCTURES AND FACILITIES:

Existing and proposed structures and facilities at the three surface facility sites are listed below.

La Sal site:

One decline	Shed
Access roads	Compressor building
Shop facilities	Power station
Water tanks	Ore stockpiles
Two trailers	Waste-rock dumps
Storage facilities	Powder magazine
Eleven existing and proposed vent holes to serve the three mine complex	

Snowball site:

Access road	Compressor
Shop and office building	Waste-rock dump
Transmission station	Ore stockpile
One decline	

Beaver site:

One double entry vertical shaft
Hoist house
Compressor building
Ore bins
Transmission station
Proposed waste-rock dump

MINING AND RECLAMATION:

Union Carbide has committed to the items listed below.

During Operations:

- a. Mining will be conducted in a safe, sound technical and prudent miner-like manner.

- b. Future site expansion will salvage topsoil in advance of development and it will be stored in stabilized and revegetated stockpiles.
- c. New access roads will be constructed in a manner to allow for proper drainage.
- d. Revegetation tests will be employed.
- e. During the construction of waste dumps necessary precautions will be taken to avoid disrupting the natural ephemeral drainage.

After Operations:

- a. Surface debris, scrap metal, discarded wood, and unuseable buildings will be buried or removed from the site.
- b. Portals, shafts, and ventilation holes will be sealed to prevent unauthorized or accidental entry.
- c. Dumps, pads, and other disturbed sites will be stabilized by rounding off outer edges, reducing the slope of the rock faces and regrading drainage contours.
- d. Compacted surfaces will be scarified, seeded with a grass-shrub seed mixture in the fall, and drag covered.
- e. The main road through the site will be left open for access.
- f. Reclaimed areas will be monitored and reseeded if necessary.

IMPACTS:

The La Sal and Snowball facilities were in existence prior to the Utah Mined Land Reclamation Act. The Beaver facilities are relatively new. The Mining and Reclamation Plan is designed to eliminate safety hazards and reduce environmental and visual impacts.

SURETY ESTIMATES:

Reclamation surety for this operation was estimated to be \$46,300.00 which includes 5% inflation for the 14 year life of the mine. The surety estimate includes the following:

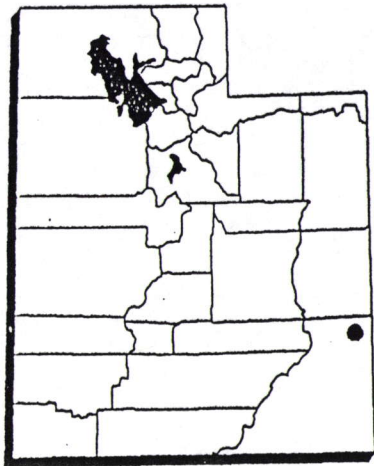
EXECUTIVE SUMMARY
Union Carbide Corp.
La Sal-Snowball Mines
Page Four

- a. Sealing of two declines and the vertical shaft.
- b. Sealing of eleven vent shafts.
- c. Removal of structures and equipment.
- d. Removal of trash and debris.
- e. Regrading of spoil piles.
- f. Scarification and reseedling of disturbed areas.
- g. Supervisory labor.
- h. Removal of hazardous substances.
- i. Reseeding and monitoring if necessary.
- j. 5% inflation for the proposed mine life.

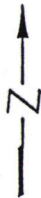
A copy of the reclamation surety estimate is enclosed.

APPLICATION HISTORY:

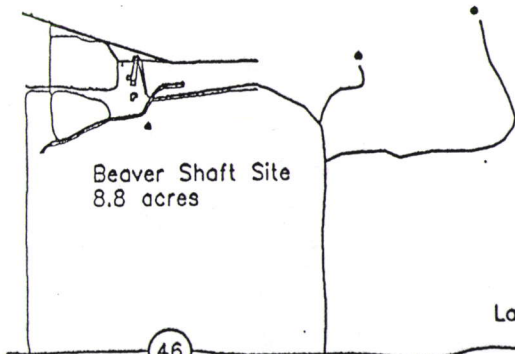
June 23, 1977	Initial application, dated June 20, 1977, received.
April 12, 1978	First Division field inspection.
December 8, 1978	Second Division field inspection.



Project Location



46



Beaver Shaft Site
8.8 acres

46

LaSal

LaSal Incline Site
16.0 acres

Snowball Incline Site
4.2 acres

Pandora Mine Site
15.2 acres

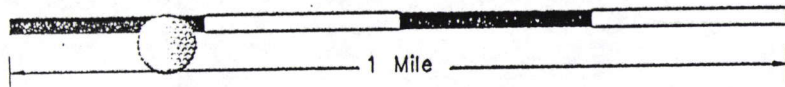
Umetco Minerals Corporation
LaSal, Snowball and Pandora Mines
M/037/026 and M/037/012
San Juan County, Utah

Scale: 1"=1320' (1/4 mile)
Map Compiled June 30, 1989



State of Utah
Natural Resources
Oil, Gas and Mining

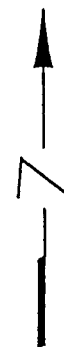
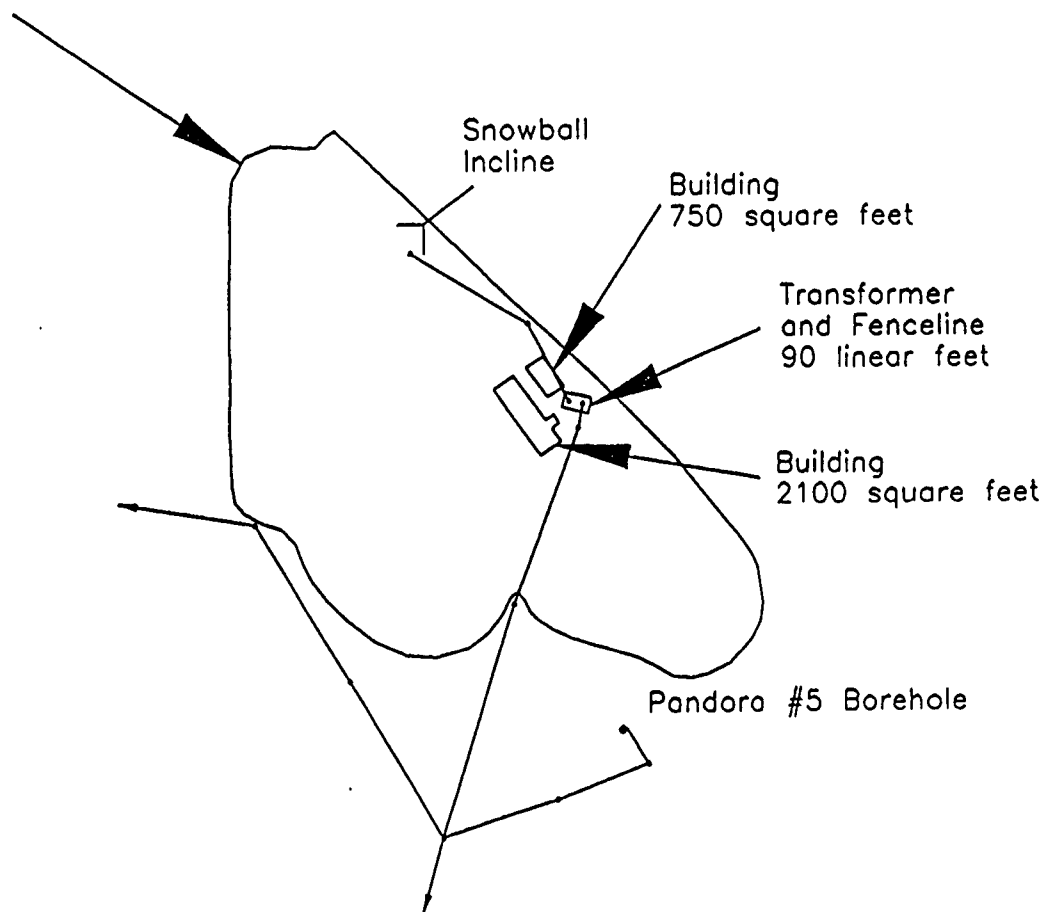
1/4 Mile



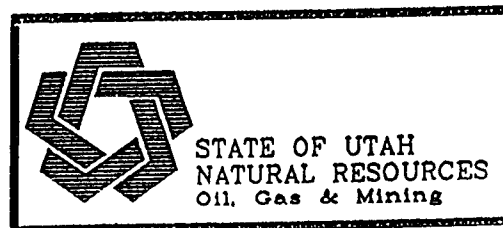
1 Mile

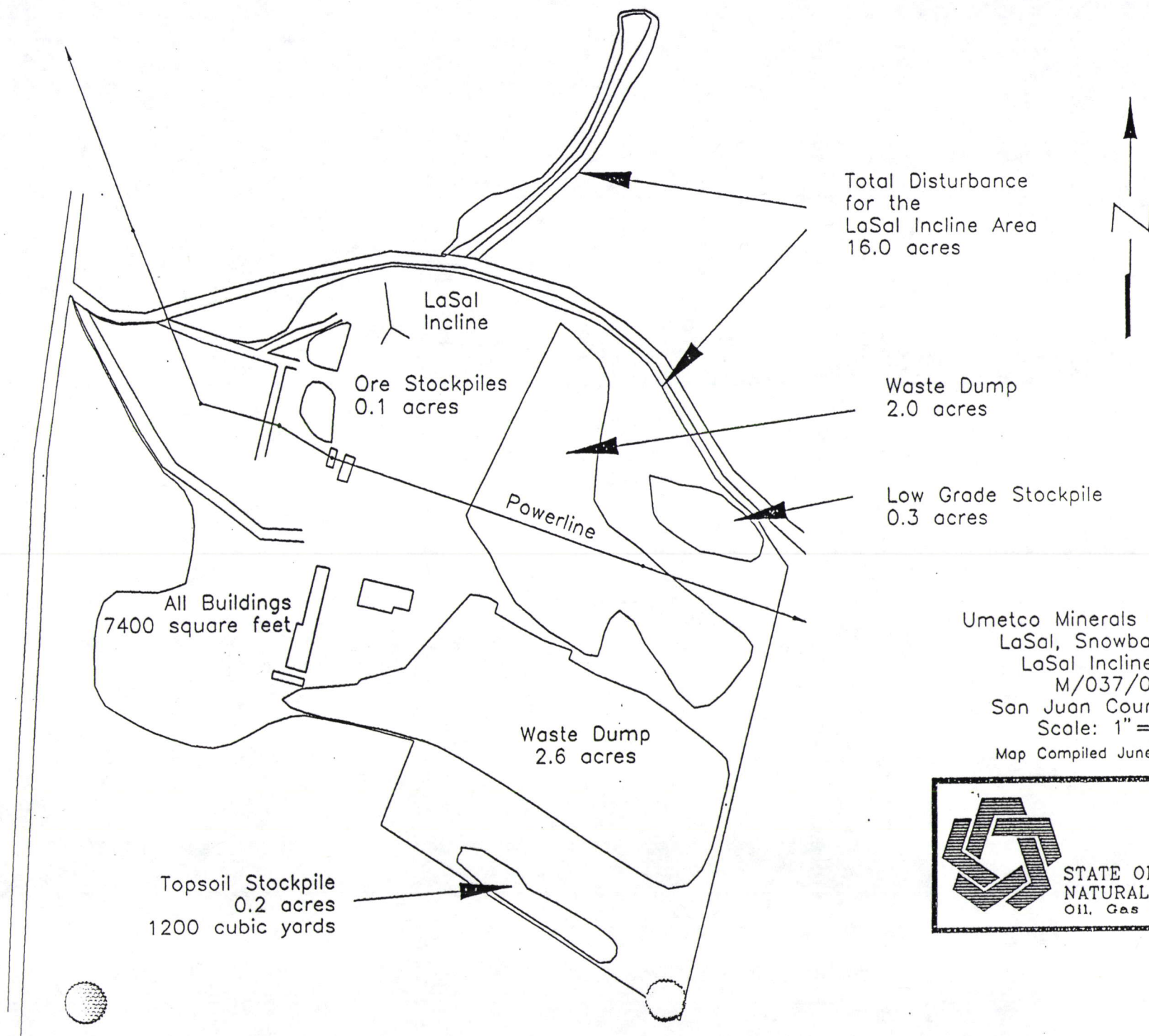


Total Disturbance
for the
Snowball Incline Area
4.2 acres

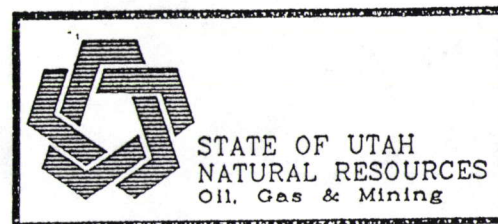


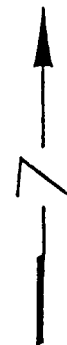
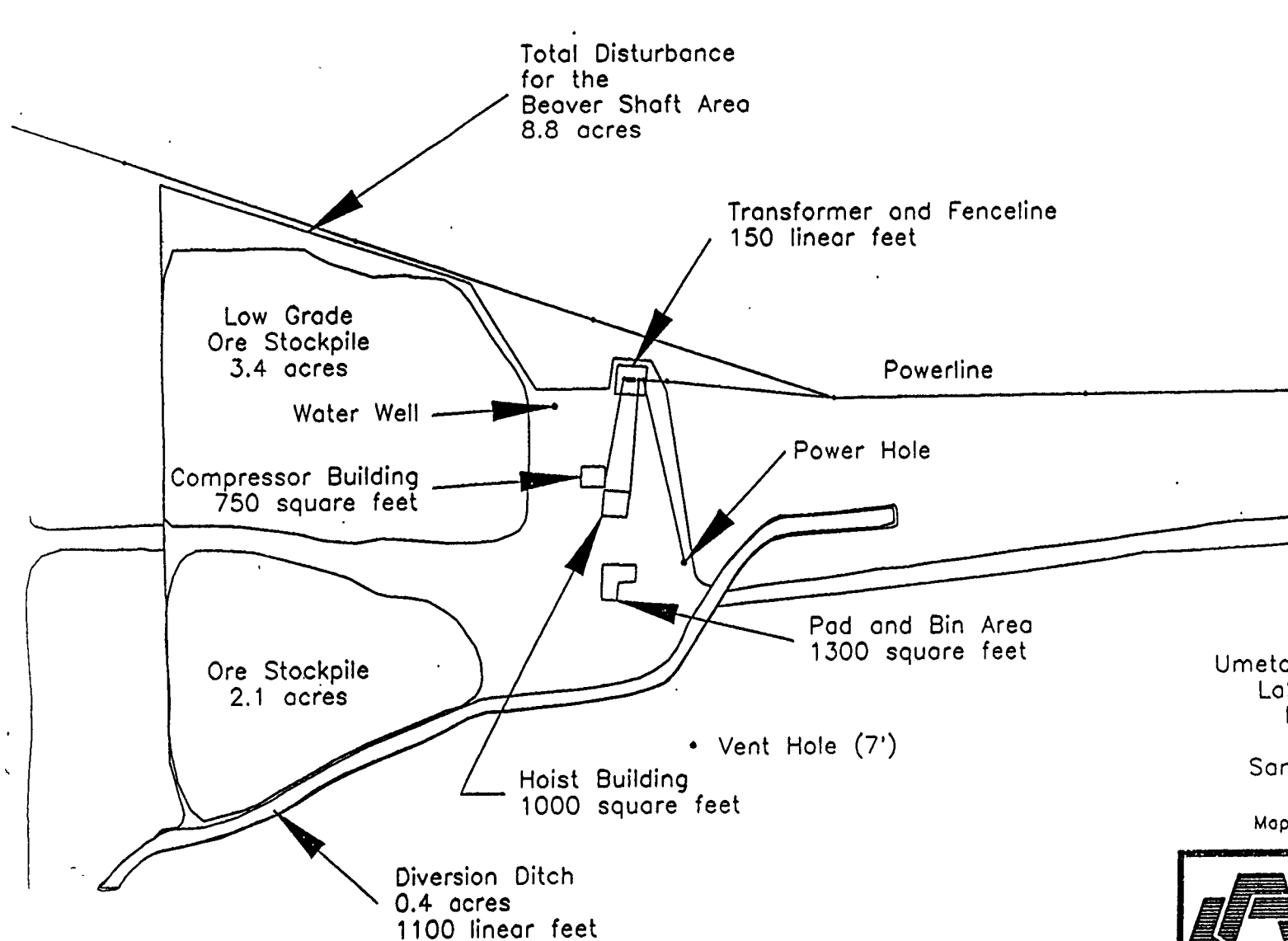
Umetco Minerals Corporation
LaSal, Snowball Mines
Snowball Incline Site
M/037/026
San Juan County, Utah
Scale: 1"=200'
Map Compiled June 29, 1989





Umetco Minerals Corporation
LaSal, Snowball Mines
LaSal Incline Area
M/037/026
San Juan County, Utah
Scale: 1"=200'
Map Compiled June 29, 1989





Umetco Minerals Corporation
 LaSal, Snowball Mines
 Beaver Shaft Site
 M/037/026
 San Juan County, Utah
 Scale: 1"=200'
 Map Compiled June 29, 1989



STATE OF UTAH
 NATURAL RESOURCES
 Oil, Gas & Mining

SURETY ESTIMATE UPDATE

International Uranium (USA) Corporation

LaSal - Snowball Mines M/037/026 San Juan County

file m37-26up.wb2

Prepared by Utah Division of Oil, Gas & Mining

last revision

01/06/97

DESCRIPTION:

- This update is for a transfer from Umetco Minerals Corp. to International Uranium (USA) Corp.
- Energy Fuels Nuclear will soon become International Uranium (USA) Corp.
- 1989 base amount taken from the July 5, 1989 estimate prepared by the Division
- Site was put on standby in 1990; no major changes have been made at the mine to date
- Permit was transferred in 1985 from Union Carbide Corp. to Umetco Minerals Corp.
- Permit area was 51 acres; current actual disturbance is approximately 42 acres
- Current reclamation surety posted by Umetco is a Board Contract for \$136,000 (1994-\$)
- Land ownership is a mix of State, BLM, USFS & patented lands
- Escalation factors through 1995 are actual Means Historical Cost Indices
- Original permit area is approximately 56 acres; current disturbance is approximately 42 acres
- Total disturbed area in the 1989 Division estimate = 42 ACRES

CALCULATIONS

	<u>YR</u>	<u>ESCAL FACTOR</u>	<u>BOND AMOUNT</u>
	1988	0.0181	\$0
BASE AMOUNT & YEAR	1989	0.0177	\$123,310
	1990	0.0077	\$124,259
$F = P(1 + i)^{**n}$	1991	0.0127	\$125,838
F = Future Sum	1992	0.0221	\$128,619
P = Present Sum	1993	0.0261	\$131,976
i = Escalation Factor	1994	0.0321	\$136,212
n = number of periods	1995	0.0193	\$138,841
	1996	0.0258	\$142,423
	1997	0.0258	\$146,097
Three Yr Average = 2.58%	1998	0.0258	\$149,867
Used to Project 5 Yrs	1999	0.0258	\$153,733
Into the Future	2000	0.0258	\$157,700
From the Year 1997	2001	0.0258	\$161,768
	2002	0.0258	\$165,942

Updated Surety Amount Rounded (2002 \$)	<u>\$165,900</u>
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** Average cost per acre = 3,950 (\$/ACRE)

NOTE: Previous Division estimate was \$136,000 (1994-\$)

Reclamation Estimate for Umetco Minerals Corporation
LaSal and Snowball Mines San Juan County M/037/026

Prepared By Utah State Division of Oil, Gas and Mining
 July 5, 1989 Page 1 of 3

Description	Quantity	Unit	\$/Unit	Cost (\$)
LaSal Incline Area Reclamation				
Demolish and Dispose of Buildings	7,400	Square Feet	1.80	13,320
Construct Bulkhead Inside Portal		Lump Sum		1,200
Backfill Portal to Bulkhead		Lump Sum		600
Remove Powerlines and Poles	1,000	Linear Feet	2.00	2,000
Remove Transformers		Lump Sum		500
Remove Trash	16.0	Acres	100	1,600
Contour Ore Stockpiles to 3h:1v	0.4	Acres	800	320
Contour Waste Dumps to 3h:1v	4.6	Acres	800	3,680
Spread Topsoil	1,200	Cubic Yards	0.60	720
Grade for Uniformity	11.0	Acres	430	4,730
Revegetate	16.0	Acres	447	7,150
Subtotal				35,820
Snowball Incline Area Reclamation				
Demolish and Dispose of Buildings	2,850	Square Feet	1.80	5,130
Construct Bulkhead Inside Portal		Lump Sum		1,200
Backfill Portal to Bulkhead		Lump Sum		600
Remove Powerlines and Poles	1,000	Linear Feet	2.00	2,000
Remove Transformers		Lump Sum		500
Remove Trash	4.2	Acres	100	420
Grade for Uniformity	4.2	Acres	430	1,810
Revegetate	4.2	Acres	447	1,880
Subtotal				13,540
Beaver Shaft Area Reclamation				
Demolish and Dispose of Buildings	1,750	Square Feet	1.80	3,150
Break-up and Bury Pad and Bin Area	1,300	Square Feet	1.00	1,300
Backfill Shaft		Lump Sum	1,000	1,200
Install 5' Concrete Plug in Shaft	60	Cubic Yards	120	7,200
Remove Powerlines and Poles	1,000	Linear Feet	2.00	2,000
Remove Transformers		Lump Sum		500
Remove Trash	8.8	Acres	100	880
Contour Ore Stockpiles to 3h:1v	5.5	Acres	800	4,400
Regrade Diversion Ditch	1,100	Linear Feet	0.80	880
Grade for Uniformity	3.3	Acres	430	1,420
Revegetate	8.8	Acres	447	3,930
Subtotal				26,860

Reclamation Estimate for Umetco Minerals Corporation
LaSal and Snowball Mines San Juan County M/037/026

Prepared By Utah State Division of Oil, Gas and Mining
 July 5, 1989 Page 2 of 3

Description	Quantity	Unit	\$/Unit	Cost (\$)
Off-Site Reclamation				
Backfill Vent Holes with Rip-Rap	10	Each	300	3,000
Install 5' Concrete Cap in Vent Holes	52	Cubic Yards	120	6,240
Remove Powerlines and Poles	8,000	Linear Feet	2.00	16,000
Remove Trash	13.0	Acres	20	260
Rip Roads	4.0	Acres	175	700
Grade for Uniformity	9.0	Acres	430	3,870
Revegetate	13.0	Acres	447	5,810

Subtotal				35,880
				=====
Totals	42.0	Acres		112,100
Add Contingency (10%)				11,210

TOTAL RECLAMATION COST (1989 Dollars)				123,310
TOTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation				136,000

Reclamation Estimate for Umetco Minerals Corporation
LaSal and Snowball Mines San Juan County M/037/026

Prepared By Utah State Division of Oil, Gas and Mining
 July 5, 1989 Page 3 of 3

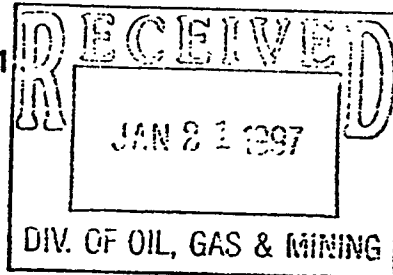
Cost Parameters Used

D-8 Dozer (0&0)	160	\$/hour
988B Wheel Loader (0&0)	165	\$/hour
Labor Only	24	\$/hour
Trash Removal	100	\$/acre
Farm Tractor (0&0)	67	\$/hour
Speed	4	mph
Width of Pass	6	feet

Revegetation Cost per Acre	Quantity	Unit	\$/Unit	Total Cost (\$)
Bare Costs				
Fertilizer (18-46-0)	100	Pounds	0.25	25
Seed Mix	20	Pounds	9	180
Native Hay Mulch	2	Tons	50	100
Subtotal				305
Application Costs				
Native Hay Mulch (spread by hand)	3.0	Hours	24	72
Native Hay Mulch (disc into ground)	0.3	Hours	67	23
Fertilizer (broadcast by hand)	0.5	Hours	24	12
Seed Mix (drilled)	0.5	Hours	24	12
Scarify (tractor with chain)	0.3	Hours	67	23
Subtotal				142
Total Revegetation Cost per Acre				447

File Number M/037/026
Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940



RECLAMATION CONTRACT
--ooOoo--

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/037/026
Uranium - Vanadium

"MINE LOCATION":
(Name of Mine)
(Description)

Lasal - Snowball
From 1/2 mile north to 2 miles east
of the town of Lasal, located in
San Juan County, Utah.

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

42
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

International Uranium (USA) Corporation
c/o Energy Fuels Nuclear, Inc.
Three Park Central, Suite 900
1515 Arapahoe Street
Denver, CO. 80202
303-623-8317

(Phone)

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

CT Corporation

50 West Broadway

Salt Lake City, UT 84104

(Phone)

801-364-5101

"OPERATOR'S OFFICER(S)":

Earl E. Hoellen, President

Harold R. Roberts, Exec. Vice Pres.

Rick L. Townley, Vice Pres. - Finance

"SURETY":

(Form of Surety - Attachment B)

Irrevocable Standby Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Norwest Bank Colorado, National Association

S801140

"SURETY AMOUNT":

(Escalated Dollars)

\$165,900.00

"ESCALATION YEAR":

2002

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between International Uranium (USA) the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").^{Corp.}

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/026 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 6/23/77, and the original Reclamation Plan dated 5/2/79. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

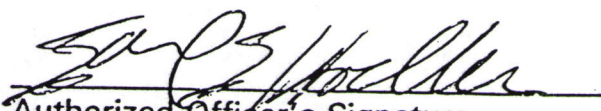
amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

International Uranium (USA) Corporation
Operator Name

By: Earl E. Hoellen, President
Authorized Officer (Typed or Printed)


Authorized Officer's Signature

1/10/97
Date

SO AGREED this _____ day of _____, 19____

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
James W. Carter, Director

_____ Date

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19 _____, personally
appeared before me, who being duly sworn did say that he/she, the said
_____ is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledged to me that he/she executed the foregoing document by
authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

OPERATOR:

International Uranium (USA) Corporation
Operator Name

By Earl E. Hoellen, President
Corporate Officer - Position

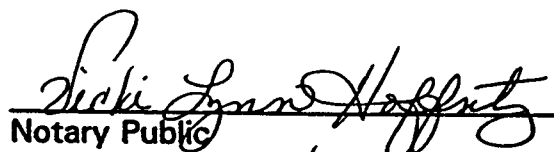
1/16/97
Date


Signature

STATE OF COLORADO)
CITY) ss:
COUNTY OF DENVER)

On the 16 day of January, 1997, personally
appeared before me Earl E. Hoellen who
being by me duly sworn did say that he/she, the said Earl E. Hoellen
is the President of International Uranium (USA) Corporation
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Earl E. Hoellen duly acknowledged to me that said
company executed the same.

NOTARY PUBLIC
VICKI LYNN HOFFSETZ
STATE OF COLORADO
My Commission Expires Aug. 12, 1998


Notary Public
Residing at: 8449 Nelson Dr Arvada CO

8/12/98
My Commission Expires:

ATTACHMENT A

Mine: La Sal-Snowball Mines

Permit No.: M/037/026

Location: San Juan County, Utah

Operator: International Uranium (USA) Corporation
c/o Energy Fuels Nuclear, Inc.
Three Park Central, Suite 900
1515 Arapahoe Street
Denver, CO 80202

Location:

In T 28 S, R 24 E, SLBM:
S 1/2, SE 1/4, Sec 34
S 1/2, S 1/2, Sec 35
S 1/2, S 1/2, Sec 36

In T 28 S, R 25 E, SLBM:
S 1/2, SW 1/4, & SW 1/4, SE 1/4, Sec 31

In T 29 S, R 25 E, SLBM:
NW 1/4, Sec 6

In T 29 S, R 24 E, SLBM:
SW 1/4, NE 1/4, & NW 1/4, & N 1/2, SW 1/4, Sec 1
NE 1/4, NE 1/4, & N 1/2, NW 1/4, Sec 2
N 1/2, NE 1/4, Sec 3

(Note: See Also Attached Map)



Post-it* Fax Note 7671		Date 1/22	# of pages 8
To Wayne	From Donna Scheithorn		
Co./Dept Utah Div of oil	Co. Intl Bkg		
Phone # 4 Gas	Phone # 303 863-4899		
Fax # 801-399-3940	Fax # 303 863-4898		

NORWEST BANK COLORADO, NATIONAL ASSOCIATION
 LETTER OF CREDIT DEPARTMENT
 1740 BROADWAY
 DENVER, CO 80274-8685
 TELEX NUMBER 168118 NBI DVR
 SWIFT ADDRESS: NWNBUS55
 PHONE: (303) 863-6424, FAX (303) 863-4898

COPY

IRREVOCABLE STANDBY LETTER OF CREDIT

OUR REFERENCE NUMBER: S801140
 JANUARY 22, 1997

TO: (BENEFICIARY)
 UTAH DIVISION OF OIL, GAS AND MINING
 FOR ITSELF AND AS AGENT FOR
 U.S. DEPARTMENT OF INTERIOR BUREAU OF LAND MANAGEMENT AND
 U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE
 1594 WEST NORTH TEMPLE SUITE 1210
 PO BOX 145801
 SALT LAKE CITY, UTAH 84114-5801

ACCOUNT PARTY:
 INTERNATIONAL URANIUM (USA) CORPORATION
 1050 17TH STREET SUITE 950
 DENVER, CO 80202

NORWEST BANK COLORADO, N.A. OF DENVER, COLORADO HEREBY
 ESTABLISHES THIS IRREVOCABLE LETTER OF CREDIT (THE "LETTER OF
 CREDIT") IN FAVOR OF THE UTAH DIVISION OF OIL, GAS AND MINING
 FOR ITSELF AND AS AGENT FOR U.S. DEPARTMENT OF INTERIOR BUREAU
 OF LAND MANAGEMENT AND U.S. DEPARTMENT OF AGRICULTURE FOREST
 SERVICE ("BENEFICIARY") FOR AN AGGREGATE AMOUNT NOT TO EXCEED
 USD165,900.00 (RECLAMATION COST ESTIMATE) IN UNITED STATES
 DOLLARS ("FACE AMOUNT") EFFECTIVE IMMEDIATELY.

THIS LETTER OF CREDIT WILL EXPIRE AT THE COUNTERS OF
 INTERNATIONAL BANKING AT 3:00PM DENVER TIME ON JANUARY 17, 1998.
 CANCELLATION OF L/C PRIOR TO EXPIRATION:
 THIS LETTER OF CREDIT (AND AMENDMENTS) MUST BE RETURNED TO US
 FOR CANCELLATION WITH A STATEMENT PURPORTEDLY SIGNED BY THE
 DIRECTOR OR THE DEPUTY DIRECTOR OF THE UTAH DIVISION OF OIL,
 GAS AND MINING STATING THAT:
 "THIS LETTER OF CREDIT IS NO LONGER REQUIRED BY US AND IS
 HEREBY RETURNED TO THE ISSUING BANK FOR CANCELLATION."



THIS LETTER OF CREDIT IS DEEMED AUTOMATICALLY EXTENDED FOR PERIODS OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS AT LEAST 90 (NINETY) DAYS PRIOR TO SUCH EXPIRATION DATE NORWEST BANK COLORADO, N.A. NOTIFIES THE BENEFICIARY BY REGISTERED AIRMAIL THAT THE BANK DOES NOT CONSIDER THIS LETTER OF CREDIT RENEWED FOR SUCH ADDITIONAL PERIOD.

FUNDS UNDER THIS LETTER OF CREDIT ARE AVAILABLE AGAINST THE BENEFICIARY'S SIGHT DRAFT DELIVERED TO THE COUNTERS OF THE INTERNATIONAL BANKING DEPARTMENT OF NORWEST BANK COLORADO, N.A. ATTN:INTERNATIONAL BANKING DEPARTMENT, 1740 BROADWAY, DENVER, CO 80274-8685. AT THE BENEFICIARY'S SOLE ELECTION, THE BENEFICAIYR MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT A AND EXHIBIT B SIGNED BY A PURPORTED AUTHORIZED REPRESENTATIVE OF THE BENEFICAIYR.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM COMMERCIAL CODE AS ENACTED BY THE STATE OF COLORADO AND SHALL BE SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500. IN THE EVENT OF CONFLICT BETWEEN COLORADO LAW AND THE UCP, COLORADO LAW WILL GOVERN.

IF NORWEST BANK COLORADO, N.A. RECEIVES THE SIGHT DRAFT(S), EXHIBIT B, THIS LETTER OF CREDIT AND ANY OTHER DOCUMENTS OR REQUIREMENTS CALLED FOR UNDER THE LETTER OF CREDIT AND THE FOREGOING ARE IN STRICT COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, NORWEST BANK COLORADO, N.A. WILL MAKE AVAILABLE TO BENEFICIARY THE FUNDS NO LATER THAN THE CLOSE OF BUSINESS, DENVER, COLORADO TIME, ON THE SEVENTH BANKING DAY FOLLOWING RECEIPT OF ALL OF THE FOREGOING.

PARTIAL DRAWINGS ARE PERMITTED.

FOR INFORMATION PURPOSES ONLY:RECLAMATION FOR THE LASAL/SNOWBALL (MINE), M/037/026 (MINE PERMIT NUMBER)

NORWEST BANK COLORADO, NATIONAL ASSOCIATION
BY:

A handwritten signature in dark ink, appearing to read "David R. H. H.", written over a horizontal line.
(AUTHORIZED SIGNATURE)

A handwritten signature in dark ink, appearing to read "Lydia D. H. H.", written over a horizontal line.
(AUTHORIZED SIGNATURE)



COPY

EXHIBIT A - SIGHT DRAFT
TO LETTER OF CREDIT NUMBER S801140

DATE

CITY, COUNTY

LETTER OF CREDIT NO.

PAY TO THE ORDER OF: UTAH DIVISION OF OIL, GAS AND MINING,
FOR ITSELF AND ON BEHALF OF AND AGENT FOR U.S. DEPARTMENT OF
INTERIOR BUREAU OF LAND MANAGEMENT AND U.S. DEPARTMENT OF
AGRICULTURE FOREST SERVICE

DOLLARS

TO: NORWEST BANK COLORADO, N.A.
INTERNATIONAL BANKING DEPT
1740 BROADWAY
DENVER, CO 80274-8685

UTAH DIVISION OF OIL, GAS
AND MINING FOR ITSELF AND AS
AGENT FOR U.S. DEPARTMENT OF
INTERIOR BUREAU OF LAND
MANAGEMENT AND U.S. DEPARTMENT
OF AGRICULTURE FOREST SERVICE
1594 WEST NORTH TEMPLE SUITE 1210
SALT LAKE CITY, UTAH 84114-5801

BY: _____
SIGNATURE



COPY

EXHIBIT B
TO LETTER OF CREDIT NUMBER S801140

I, _____ A PURPORTED AUTHORIZED REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING HEREBY CERTIFY THAT (1) THE DRAWING IN THE AMOUNT OF USD _____, BY SIGHT DRAFT ACCOMPANYING THIS CERTIFICATE, UNDER LETTER OF CREDIT NO. _____ DATED _____ ISSUED BY NORWEST BANK COLORADO, N.A. IS PERMITTED UNDER THE PROVISION OF THE LETTER OF CREDIT, (2) THE LETTER OF CREDIT HAS NEITHER EXPIRED NOR TERMINATED PURSUANT TO ITS TERMS, (3) THE AMOUNT OF THE SIGHT DRAFT, TOGETHER WITH ANY AMOUNTS PREVIOUSLY DRAWN UNDER THE LETTER OF CREDIT, DOES NOT EXCEED THE FACE AMOUNT, AND (4) THE UTAH BOARD OF OIL, GAS AND MINING AFTER NOTICE AND HEARING, HAS ENTERED AN ORDER WHICH HAS NOT BEEN STAYED, ORDERING FORFEITURE OF THE RECLAMATION CONTRACT NUMBER _____, IN ACCORDANCE WITH APPLICABLE LAW. PROCEEDS OF THIS DRAWING WILL BE UTILIZED IN FULL TO PAY THE EXPENSES RELATING TO THE RECLAMATION LIABILITY FOR THE LASAL/SNOWBALL(MINE), M/037/026 (MINE PERMIT NUMBER).

THE UTAH DIVISION OF OIL, GAS AND MINING

BY:

SIGNATURE

DATE:

ERROR ON
EXHIBIT B